

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 1 — 0 5

2. STATE:

MICHIGAN

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2001

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447

7. FEDERAL BUDGET IMPACT:

a. FFY 2001 \$ 337,080
b. FFY 2002 \$ 521,091.00
629,828.00 347,192

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, pages ~~2c and~~ 2d and 2d.1
49. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):Attachment 4.19-B, pages ~~2c and~~ 2d

10. SUBJECT OF AMENDMENT:

RHC payment system

11. GOVERNOR'S REVIEW (Check One):

- ☐
- GOVERNOR'S OFFICE REPORTED NO COMMENT
-
- ☐
- COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
-
- ☐
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

James K. Haveman, Jr.

14. TITLE:

Director

15. DATE SUBMITTED:

3/29/01

16. RETURN TO:

Michigan Department of Community Health
Office of Federal Liaison
6th Floor Lewis Cass Building
320 South Walnut Street
Lansing, Michigan 48913

ATTENTION: Nancy Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

03/29/01

18. DATE APPROVED:

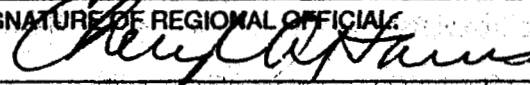
6/22/01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

1/1/01

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Cheryl A. Harris

22. TITLE: Associate Regional Administrator
Division of Medicaid and Children's Health

23. REMARKS:

RECEIVED

APR 02 2001

DMCH - MI/MN/WI

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State: Michigan
POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(OTHER THAN INPATIENT HOSPITAL AND LONG TERM CARE FACILITIES)

5. Rural Health Clinic Services

RHCs will be reimbursed under one of the methodologies as described below:

(a) an RHC that is not reimbursed under (b) below will be reimbursed based on the new Medicaid prospective payment system (PPS) enacted into law under section 702 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act (BIPA) of 2000. Under the PPS, an RHC will be reimbursed on a per visit basis for Rural Health Clinic services. The per visit payment will be based on the average of the RHC's reasonable costs of providing Medicaid services during FY 1999 and FY 2000. Reasonable costs are defined as the per visit amount approved and paid by Medicare.

Effective October 1, 2001, the per visit amount will be adjusted each year using the Medicare Economic Index.

The per visit amount may also be adjusted to reflect changes in the scope of services provided to Medicaid beneficiaries by the RHC. An adjustment to the per visit amount based upon a change in the scope of services will be prospective and will become effective when the change is approved by the State. The adjustment may result in either an increase or decrease in the per visit amount paid to the RHC.

RHCs that provide services under a contract with a Medicaid managed care entity (MCE) will receive prospective, quarterly supplemental payments that are an estimate of the difference between the payments the RHC receives from the MCE and the payments the RHC would have received under the PPS. At the end of each RHC's fiscal year, the total amount of supplemental and MCE payments received by the RHC will be reviewed against the amount that the actual number of visits provided under the RHC's contract with one or more MCEs would have yielded under the PPS. The RHC will be paid the difference between the PPS amount calculated using the actual number of visits and the total amount of supplemental and MCE payments received by the RHC, if the PPS amount exceeds the total amount of supplemental and MCE payments. The RHC will refund the difference between the PPS amount calculated using the actual number of visits and the total amount of supplemental and MCE payments received by the RHC, if the PPS amount is less than the total amount of supplemental and MCE programs.

*Payments
per Nancy Bishop 6/20/01*

TN NO. 01-05

Approval Date _____

Effective Date 1-1-2001

Supersedes

TN No. 00-09

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Michigan

**POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(OTHER THAN INPATIENT HOSPITAL AND LONG TERM CARE FACILITIES)**

5. Rural Health Clinic Services (continued)

OR

(b) an alternative payment methodology that is agreed to by the State and the RHC that provides reimbursement at least equal to that which the RHC would receive under the PPS. If such an alternative payment methodology is agreed to, it will be submitted to HCFA as a State Plan Amendment.

An entity that first qualifies as an RHC after fiscal year 2000, will be paid a per visit amount that is equal to 100% of the costs of furnishing such services during such fiscal year based on the rates established under the PPS for the fiscal year for other RHCs located in the same or adjacent area with a similar case load. If there is no other RHC similarly situated, the newly established RHC shall be paid a per visit amount based on an estimate of its reasonable costs of providing such services and cost settled at the end of its first fiscal year of operation. Reasonable costs are defined as the per visit amount approved and paid by Medicare as adjusted to reflect the cost of providing services to Medicaid beneficiaries that are not covered by Medicare – i.e., dental services, Maternal/Infant Support services, on-site laboratory and x-ray, substance abuse, non-emergency transportation and outreach. In subsequent fiscal years, the newly established RHC shall be paid using one of the methodologies described above.

If a newly established RHC enters into contracts with one or more MCEs, it will be eligible for quarterly supplemental payments as described in (a) above.

*per
Nancy
Bishop
6/20/01*